

Message Text

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FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 6938

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EAGR, BR

SUBJECT: THE FIFTH GUARUJA COFFEE CONFERENCE; CALAZAN'S CLOSING
REMARKS

1. FOLLOWING IS A FREE TRANSLATION OF SIGNIFICANT EXERPTS FROM
SPEECH OF DR. CALAZANS DE MAGALHAES, PRESIDENT OF BRAZILIAN COFFEE
INSTITUTE, AT THE FINAL SESSION OF THE FIFTH COFFEE SEMINAR,
SANTOS, BRAZIL, MAY 7, 1976:

A. BEGIN QUOTE: I WOULD LIKE TO RECALL THE LAST SEMINAR MEETING
HERE SHORTLY AFTER THE JULY 1975 FROST AND WHICH TOOK PLACE STILL
UNDER THE EMOTIONAL IMPACT OF A CATASTROPHE THE REAL EXTENT OF
WHICH IT WAS NOT POSSIBLE FULLY TO EVALUATE, AT THE TIME. I THEN
HAD THE OPPORTUNITY TO ASSERT THAT THE GOVERNMENT SHOULD ESTA-
BLISH THE NECESSARY PARAMETERS TO SUPPORT THE COFFEE SHORTAGE IN
SIGHT, WOULD BE A RESULT OF THE FREE FORCES THAT COMMAND MARKET
OPERATIONS.

B. MY MESSAGE WAS UNDERSTOOD BY MANY, PARTICULARLY BY THE PRAG-
MATIC AND REALISTIC MEN WHO ARE AWARE OF THE DAY-TO-DAY COFFEE TRADE
RELATIONS. BUT OTHER, UNDER THE PRETENSE OF POSSESSING ORACULAR
WISDOM, CRITICIZED MY VIEWS IN A MOST VARIED AND CONTROVERSIAL
FASHION. TODAY, HOWEVER, THE FACTS SPEAK BY THEMSELVES AND
REMIND US THAT IN 1974, WHEN I ENDEAVORED TO STIMULATE FARMERS
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TO UTILIZE THE BENEFITS OF GOVERNMENT FINANCING BUT TO RETAIN, AS

MUCH AS POSSIBLE, THEIR CROPS BECAUSE THE SITUATION THEN PREVAILING WAS MERELY CIRCUMSTANTIAL, I WAS ALSO SHARPLY CRITICIZED. THERE WERE EVEN THOSE WHO ADVOCATED THAT GOVERNMENT SHOULD ASSUME AN EVEN MORE PATERNALISTIC ROLE AND INCREASE THE VOLUME OF COFFEE PURCHASES. IT IS CLEAR THAT, TODAY, THIS ACTION WOULD HAVE PRODUCED CONSIDERABLE PROFITS FOR THE GOVERNMENT, BUT AT THE SAME TIME IT WOULD HAVE DEPRIVED THE FARMERS OF THE OPPORTUNITY TO LESSEN, THROUGH THE INCREASES IN CURRENT PRICES RESULTING FROM THE SHORTAGE CREATED BY THE FROST, THE LOSS THAT THE FROST WAS TO CAUSE THEM.

C. WE ARE NOW EMERGING FROM THAT DISASTER, WHICH TRULY DIFFERED FROM THE CYCLICAL FROSTS THAT WE HAVE USUALLY FACED, WHICH HAVE ACTED AS KIND OF NATURAL COFFEE TREE PRUNING. THEY DAMAGED THE NEXT CROPS, BUT STRENGTHENED ALSO ABUNDANT COMING CROPS. IN 1975, HOWEVER, OUR TREES WERE DESTROYED.

D. MORE THAN EVER, WE REQUIRE, TODAY, A COORDINATION BETWEEN THE GOVERNMENT AND THE COFFEE SECTOR - PRODUCERS, TRADERS, INDUSTRIALISTS - SO THAT, TOGETHER, WE CAN STRENGTHEN THAT ACTIVITY UPON WHICH A GREAT NUMBER OF BRAZILIAN WORKERS' FAMILIES DEPEND FOR THEIR LIVING.

E. WE WANT TO EMPHASIZE TO IMPORTERS AND INDUSTRIALISTS ALIKE, THAT BRAZIL IS AWARE OF ITS RESPONSIBILITIES REGARDING COFFEE SUPPLY, NOT ONLY INTERNALLY BUT ALSO INTERNATIONALLY. OUR OBJECTIVE WILL BE TO GUARANTEE MARKET TRANQUILITY, NOT ONLY DOMESTICALLY BUT ABROAD, CHIEFLY TAKING INTO DUE ACCOUNT THE TRADITIONAL BUYERS OF OUR COFFEE. WE MUST BEAR IN MIND THAT, IN HARD TIMES, THEY HAVE GIVEN PREFERENCE TO THE BRAZILIAN PRODUCT, AND THEREFORE, THEY NOW DESERVE TO BE REWARDED WITH THE REASSURANCE THAT THEY WILL, ON A REGULAR BASIS, RECEIVE COFFEE FROM BRAZIL, DURING THIS EMERGENCY PERIOD.

F. TRANQUILITY AND FIRMNESS IS OUR MOTTO. WHAT INTERESTS US ABOVE ALL, IS A MARKET AT SUCH A PRICE LEVEL THAT IT WILL COMPENSATE US FOR THE PRESENT MASSIVE INVESTMENT IN THE BRAZILIAN COFFEE CULTURE. WE, AS SELLERS OF COFFEE NOT OF COFFEE CERTIFICATES, ARE NOT INTERESTED IN CREATING UNSTABLE MARKET CONDITIONS THAT WOULD LEAD TO SPECULATION AND LARGE PRICE FLUCTUATIONS THAT UNCLASSIFIED

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WOULD CERTAINLY ALTER NORMAL COMMERCIAL OPERATIONS.

G. I REAFFIRM ONCE MORE THE CONFIDENCE THAT THERE WILL BE AN UNBRAKABLE BOND BETWEEN THE BRAZILIAN GOVERNMENT AND THE BRAZILIAN COFFEE TRADE. IT SHOULD BE REMEMBERED, IN SPITE OF THE DIFFICULT TIMES, (BRAZILIAN COFFEE TRADERS) PUNCTUALLY DELIVERED, TO ALL INTERNATIONAL BUYERS, THE COFFEE ACQUIRED BEFORE THE FROST, AT THE ORIGINAL LOWER PRICE.

H. I WISH TO ASK THE WORLD COFFEE REPRESENTATIVES HERE PRESENT, TO GO BACK TO THEIR ORGANIZATIONS WITH THE FULL REASSURANCE THAT BRAZIL, DESPITE THE CURRENT DIFFICULTIES WHICH WILL FORCE US, IF NECESSARY, TO UTILIZE OUR RESERVES, WILL BE WILLING TODAY, AS WELL AS IN THE FUTURE, WHEN OUR PRODUCTION IS RECOVERED, TO GUARANTEE A NORMAL FLOW OF SUPPLY TO THE COFFEE MARKET.

I. BUT ALSO BE SURE THAT WE FIRMLY INTEND TO MAINTAIN PRICES THAT WILL REPAY OUR INVESTMENT AND GUARANTEE A MORE ADEQUATE RETURN TO ALL THOSE WHO WORK IN THE COFFEE PLANTING AND TRADE, IN OUR COUNTRY.

J. TRANQUILITY AND FIRMNESS; THIS IS OUR MOTTO, THIS IS THE GOAL OF THE BRAZILIAN COFFEE POLICY. UNQUOTE.

2. COMMENT. A CONSULAR OFFICER ATTENDED THE CLOSING SESSION AT WHICH CALAZANS MADE THESE REMARKS. AT COCKTAILS AND THE BANQUET FOLLOWING THE CLOSING CEREMONY, THERE WAS NO DISCUSSION ABOUT CALAZANS' REMARKS AND TRADERS QUESTIONED WERE UNCRITICAL AND VOICED NO SURPRISE.

3. ENGLISH AND PORTUGUESE VERSIONS OF THE SPEECH ARE BEING POUCHED.
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